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IN THE

Supreme Court of the United States

October Term, 1965

No. 937

MONSANTO CHEMICAL COMPANY,
Successor by Merger to
THE CHEMSTRAND CORPORATION,
Cross-Petitioner,

vs.

PERFECT FIT PRODUCTS MANUFACTURING CO., INC.,
Cross-Respondent.

CROSS-RESPONDENT'S BRIEF IN OPPOSITION

JAY F. GORDON,
Counsel for Cross-Respondent,
11 West 42nd Street,
New York, New York 10036.

NATANSON, GORDON & REICH,
New York, New York,
of Counsel.

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Questions Presented

Cross-respondent Perfect Fit Products Manufacturing Co., Inc. ("Perfect Fit") objects to cross-petitioner's statement of the first of the two questions allegedly presented by the cross-petition.

In phrasing that question, cross-petitioner ("Monsanto") proceeds upon the assumption that the Court of Appeals ". . . expressly found that Monsanto had been injured by the infringement of its trademark . . ." (cross-petition, p. 3). That assumption is wholly without support in the record.

The Court of Appeals, in disposing of Monsanto's claim for damages, said:

> "Monsanto's appeal attacks both Judge McLean's finding that it has not adequately proved damages and his conclusion that an accounting is unavailable since the parties are not competitors.

> "We affirm Judge McLean's refusal to award damages." (B–26).*

Judge McLean's refusal to award damages was based upon a careful analysis of the scanty evidence which Monsanto adduced on that issue (R–30a–32a). That analysis produced the following conclusion (R–32a):

> "I conclude, therefore, that the evidence here does not justify an award of damages to plaintiff."

Monsanto disregards the express affirmance by the Court of Appeals of the District Court's said finding. Instead, it relies upon the Court of Appeals' conjecture ". . . that there must have been some economic injury to Monsanto . . ." (B–36). The Court of Appeals made that comment only in the process of justifying a novel departure from existing law with respect to accountings, although later it again affirmed the finding that Monsanto had been ". . . unable to offer satisfactory proof of its injury . . ." (B–36).

Properly framed, the first question presented by Monsanto's cross-petition should be stated as follows:

> "Did the Court of Appeals err in affirming the denial of an award of damages?"

The Statement of the Case

We are obliged to comment upon the following inaccuracies in, or omissions from, Monsanto's statement:

1. At page 4 of the cross-petition, Monsanto states that a preliminary injunction in this case was granted on Mon-

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* Parenthetic references are used herein as follows: (B–) refers to pages in the Appendix to the cross-petition; (R–) refers to pages in the Appendix to Perfect Fit's main brief on appeal below; (A–) refers to pages in the Appendix to this brief; (X–) refers to pages in the Appendix to Monsanto's brief on appeal below.

santo's motion. It omits to state that the preliminary injunction was granted on Perfect Fit's *consent*, afer argument of the motion and negotiations between the parties as to scope and form (B–26, R–6a).

2. At page 5 of the cross-petition, Monsanto states that Perfect Fit could not "... show written account for the destruction ..." of any of the 80,000 bags or inserts bearing Monsanto's trademarks. Reference to the portion of the record cited by Monsanto (X–2b) indicates only that it was stipulated that Perfect Fit and Carolina, its contractor, had no written record of the *number* of such bags and inserts which were destroyed. The uncontradicted testimony, on Monsanto's own case, was that all such bags and inserts, which were not actually used for the approximately 13,700 mattress pads sold on the retail market, had been destroyed. Perfect Fit rested on Monsanto's case (B–24).

3. At page 5 of the cross-petition, Monsanto again states that the Court of Appeals "found" that Monsanto had been injured by the infringement; and also that the Court found that the public had been "defrauded". There is no support in the record, either at the portions cited by cross-petitioner (B–24, B–38) or elsewhere, for those statements, other than the general comments which the Court made in support of the novel conclusion that an accounting should be awarded, even in the absence of competition or proof of damage (B–36, B–38).

ARGUMENT

1. This is not a case in which this Court should exercise its discretion to grant certiorari.

The cross-petition does not set forth a single "special and important" reason why a review on writ of certiorari should be granted. No conflict of decisions is shown to exist. There is no important question of federal law which has not been, but should be, settled by this Court. There

has been no departure from the accepted and usual course of judicial proceedings.

Rule 19, *Supreme Court Rules.*

The cross-petition is rooted only in Monsanto's dissatisfaction with the affirmance of the District Court's finding that it had failed to prove any damage.

This Court has held, repeatedly, that it will not review, but will accept as unassailable, findings made upon undisputed or conflicting evidence, which have not been questioned on appeal by the Court below and which are not without substantial support in the evidence.

Alabama Power Company v. *Ickes,* 302 U. S. 464, 477;
General Talking Pictures Corporation v. *Western Electric Company, Inc.,* 304 U. S. 175, 178;
Anderson v. *Abbott,* 321 U. S. 349, 356;
Davis v. *Schwartz,* 155 U. S. 631, 637;
Adamson v. *Gilliland,* 242 U. S. 350, 353.

2. The Court of Appeals properly refused to award damages, in any event.

In support of its argument, Monsanto cites this Court's decision in

Anderson v. *Mt. Clemens Pottery Co.,* 328 U. S. 680, 688.

There is no conflict here with the rule enunciated therein. Where the *fact of damage* has been proven and is certain, mere uncertainty with respect to the precise *amount of damages* will not preclude an award. Such an award nevertheless must be based on sufficient evidence, from which a reasonable inference may be made as to the extent of the damages.

Here, the Court of Appeals has affirmed the District Court's finding that Monsanto's evidence was insufficient even to establish the *fact of damage,* much less to warrant any inference with respect to the amount thereof.

Under the circumstances present in this case, it has long been settled that an award of damages cannot be sustained. The rule was expressed by this Court in:

> *Keogh* v. *Chicago & Northwestern Railway Company,* 260 U. S. 156, 164, 165,

as follows:

> "Finally, not only does the injury complained of rest on hypothesis (compare *International Harvester Co.* v. *Kentucky,* 234 U. S. 216, 222-224); but the damages alleged are purely speculative. Under § 7 of the Anti-Trust Act, as under § 8 of the Act to Regulate Commerce, *Pennsylvania R. R. Co.* v. *International Coal Mining Co.,* 230 U. S. 184, recovery cannot be had unless it is shown, that, as a result of defendants' acts, damages in some amount susceptible of expression in figures resulted. These damages must be proved by facts from which their existence is logically and legally inferable. They cannot be supplied by conjecture."

That rule has been followed in many trademark infringement cases, such as

> *Rosenberg Bros. & Co.* v. *Elliott,* 7 F. 2d 962, 967 (3rd Cir.),

which Perfect Fit has also cited, in support of its own pending certiorari petition, as being in conflict with the decision below to the extent that it awarded Monsanto an accounting of profits. The Third Circuit said, in *Rosenberg Bros. & Co., supra*:

> "The case is peculiarly one where such damage as has occurred is incapable of computation. We see no reasonable probability that any substantial damages could be proved and reduced to dollars with

> that degree of accuracy which is essential. Nor does the decision on the issue of trademark infringement make it necessary to hold that the complainant is entitled to profits. Those cases in which the complainant has been awarded all the profits which the respondent received from the sale of the article wrongfully trademarked have been cases in which, by the theory of the law, the complainant had lost sales. There is no evidence of lost sales in this case."

Nevertheless, in tacit acknowledgment that there is no support in the record for a damage award on any other basis, Monsanto urges that it should have been awarded damages on a theory similar to that employed in:

> *Deering, Milliken & Co.* v. *Gilbert,* 269 F. 2d 191 (2nd Cir.),

and suggested by Judge Moore in his dissent below (B–39).

With a firm grip on its bootstraps, Monsanto suggests that it should have been awarded damages based upon a computation of the profits which it *would* have made, on sales to Perfect Fit of the amount of Acrilan which *would* have been consumed, if Perfect Fit had filled with 100% Acrilan all of the mattress pads which it sold under the Acrilan trademark. The defect in that theory, which now stands as the only basis upon which Monsanto claims to be entitled to damages, is readily apparent from the record.

Perfect Fit actually sold only 13,700 mattress pads under Monsanto's trademark, after deduction of returns (B–12). The mattress pads each contained about 20 oz. of filling (X–5b). If each of the mattress pads so sold by Perfect Fit had contained 100% Acrilan, Perfect Fit would have consumed a total of 17,125 lbs. of Acrilan, instead of the smaller percentage of Acrilan which it actually used together with other filling materials. Assuming *arguendo* the validity of Monsanto's theory, it would be entitled to

the profit, which it would have made, on sales to Perfect Fit of a total of 17,125 lbs. of Acrilan, less the number of pounds which Perfect Fit actually did purchase.

It is undisputed, however, that Monsanto actually did sell to Perfect Fit, and Perfect Fit paid for, a total of at least *20,494* lbs. of Acrilan, considerably more than the amount which it would have consumed in the production of some *17,000* Acrilan filled mattress pads, much less the *13,700* pads which it actually sold!

3. The scope of the remand was properly limited.

We do not concede, by any means, that the Court below was correct in reversing the District Court and remanding the case for an accounting of profits. Perfect Fit has petitioned this Court for a writ of certiorari to review that determination. However, Monsanto argues that the remand should be broadened to permit an ultimate award of damages, in addition.

That argument overlooks the settled rule that a complainant in a trademark infringement case cannot recover both its own alleged lost profits and the infringer's actual profits on competing sales.

> *Mishawaka Rubber & Woolen Mfg. Co.* v. *S. S. Kresge Co.*, 316 U. S. 203;
> *Sheldon* v. *Metro-Goldwyn Pictures Corporation*, 309 U. S. 390, 400;
> *Century Distilling Co.* v. *Continental Distilling Corp.*, 205 F. 2d 140, 149 (3rd Cir.); Cert. den., 346 U. S. 900.

Monsanto cites *Mishawaka* as authority for the proposition that the remand should have included provision for an assessment of damages, as well as an accounting of Perfect Fit's profits. The *Mishawaka* decision excluded any award of damages which would have duplicated the award result-

ing from the accounting of profits. Monsanto cannot possibly comply with such a condition, since its only claim for damages now rests upon a non-existent loss of profits, as pointed out in 2 above.

In any event, Monsanto is estopped from offering any further proof of damages. Before Monsanto rested its case, the District Judge inquired of its trial counsel whether Monsanto had presented *all* of the evidence which it proposed to present on the question of damages (A–1). Monsanto's counsel responded (A–1, 2):

> "Aside from the defendant's profit, the plaintiff's proof is presently in the record on the damage question. *We have no intention of putting in any further evidence on the issue of damages.*" (Emphasis supplied).

Any possible uncertainty was eliminated, when the District Judge inquired further:

> "You are sure of that now? That is clear, is it?" (A–2);

and Monsanto's counsel replied:

> "Yes, I am sure." (A–2).

Monsanto now seeks to avoid and disregard that commitment, as clear and as unequivocal as it was, because the proof which it presented has been found completely insufficient *by two Courts.*

That is hardly a basis upon which this Court should be asked to exercise certiorari jurisdiction.

CONCLUSION

For the foregoing reasons, Monsanto's cross-petition for a writ of certiorari should be denied.

Respectfully submitted,

JAY F. GORDON,
Counsel for Cross-Respondent,
11 West 42nd Street,
New York, New York 10036.

NATANSON, GORDON & REICH,
New York, New York,
of Counsel.

APPENDIX

Stenographic Transcript of the Trial, pp. 1024-1026

The Court: Well, let us try to keep our thoughts distinct. One element of your claim is that you are entitled to an accounting of the defendant's profits.

Mr. Lochner: Yes, your Honor.

The Court: And you say that that can be obtained on an accounting, in an accounting proceeding, whether before the Court or before the master we won't decide at the moment.

Mr. Lochner: Yes.

The Court: Once the issue of liability has been determined.

Mr. Lochner: Yes.

The Court: Now I take it Mr. Gordon agrees with that, as far as the procedure goes; don't you?

Mr. Gordon: Yes, sir.

The Court: All right. Now we are talking about the plaintiff's damages as distinct from the defendant's profits.

Mr. Lochner: I understand.

The Court: And you claim that there are certain elements of damage to the plaintiff in addition to its mere expenses for attorney's fees, investigation and so on.

Mr. Lochner: Yes.

The Court: Now do you propose to prove those additional elements of damage before any interlocutory judgment is entered, or do you say that that also is properly the subject of testimony in an accounting proceeding.

Mr. Lochner: I would say, your Honor, that that is not the proper subject matter of the accounting, that is, the extent to which plaintiff's good will has been damaged. The plaintiff's proof on that issue is in the record.

Well, aside from the defendant's profit, put it this way: Aside from the defendant's profit the plaintiff's proof is presently in the record on the damage question. We have

no intention of putting in any further evidence on the issue of damages.

The Court: Aside from the fact that you have agreed that you can reopen the case to put in some proof on expenses.

Mr. Lochner: Yes.

The Court: You are sure of that now? That is clear, is it?

Mr. Lochner: Yes, I am sure.